



WEINLANDER FITZHUGH

CERTIFIED PUBLIC ACCOUNTANTS
& CONSULTANTS

ROBERT E. LIST, CPA
STEWART J. REID, CPA
MICHAEL L. HANISKO, CPA
DAVID D. QUIMBY, CPA
KATHLYN M. ENGELHARDT, CPA
RENAE M. CLEVINGER, CPA
AMY L. RODRIGUEZ, CPA
SCOTT A. NIETZKE, CPA

WALTER G. WEINLANDER, CPA
ROY A. SCHAIERER, CPA
JAMES L. WHALEY, CPA
JEROME L. YANTZ, CPA
PHILIP T. SOUTHGATE, CPA
ROBERT J. DUYCK, CPA

LOGAN TOWNSHIP OGEMAW COUNTY, MICHIGAN

FINANCIAL STATEMENTS MARCH 31, 2008

1600 CENTER AVENUE
POST OFFICE BOX 775
BAY CITY, MI 48707-0775
989-893-5577
800-624-2400
FAX 989-895-5842
www.wf-cpas.com
wf@wf-cpas.com

OFFICES: BAY CITY, CLARE,
GLADWIN AND WEST BRANCH

RSM! McGladrey Network

An Independently Owned Member

CONTENTS

	<u>Page</u>
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3a-3i
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	4
Statement of Activities	5
Fund Financial Statements	
Governmental Fund	
Balance Sheet	6
Reconciliation of Balance Sheet of Governmental Fund to the Statement of Net Assets	7
Statement of Revenues, Expenditures, and Change in Fund Balance	8
Reconciliation of the Statement of Revenues, Expenditures, and Change in Fund Balance of Governmental Fund to the Statement of Activities	9
Fiduciary Funds	
Statement of Fiduciary Net Assets	10
Notes to Financial Statements	11-19
Required Supplemental Information	
Budgetary Comparison Schedule – General Fund	20



WEINLANDER FITZHUGH

CERTIFIED PUBLIC ACCOUNTANTS
& CONSULTANTS

ROBERT E. LIST, CPA
STEWART J. REID, CPA
MICHAEL L. HANISKO, CPA
DAVID D. QUIMBY, CPA
KATHLYN M. ENGELHARDT, CPA
RENAE M. CLEVINGER, CPA
AMY L. RODRIGUEZ, CPA
SCOTT A. NIETZKE, CPA

WALTER G. WEINLANDER, CPA
ROY A. SCHAIRER, CPA
JAMES L. WHALEY, CPA
JEROME L. YANTZ, CPA
PHILIP T. SOUTHGATE, CPA
ROBERT J. DUYCK, CPA

Independent Auditors' Report

August 26, 2008

To the Township Board
Logan Township
Ogemaw County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Logan Township, Ogemaw County, Michigan as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Logan Township as of March 31, 2008, and the respective changes in financial position thereof for the year then ended, in conformity with U.S. generally accepted accounting principles.

1600 CENTER AVENUE
POST OFFICE BOX 775
BAY CITY, MI 48707-0775
989-893-5577
800-624-2400
FAX 989-895-5842
www.wf-cpas.com
wf@wf-cpas.com

OFFICES: BAY CITY, CLARE,
GLADWIN AND WEST BRANCH

RSM! McGladrey Network

An Independently Owned Member



WEINLANDER FITZHUGH

To the Township Board
Logan Township
August 26, 2008
Page 2

The accompanying management's discussion and analysis and budgetary comparison information as noted in the table of contents are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Weinlander Fitzhugh

LOGAN TOWNSHIP
Management's Discussion and Analysis
For the Year Ended March 31, 2008

Our discussion and analysis of the Logan Township's (Township) financial performance provides an overview of the Township's financial activities for the fiscal year ended March 31, 2008.

Financial Highlights

The Township's net assets increased by \$17,231 or 8%. Program revenues were \$5,346 or 6% of total revenues, and general revenues were \$78,444 or 94%.

Using this Annual Financial Report

This annual financial report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Logan Township financially as a whole. The *Government-wide Financial Statements* provide information about the activities of the whole Township, presenting both an aggregate view of the Township's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For Governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements look at the Township's operations in more detail than the Government-wide financial statements by providing information about the Township's most significant fund – the General Fund. The remaining statement, the statement of fiduciary net assets, presents financial information about activities for which the Township acts solely as an agent or trustee. The following summarizes the presentation included in this annual financial report.

Management's Discussion and Analysis (MD&A) (Required Supplemental Information)

Basic Financial Statements

- Government-wide Financial Statements
- Fund Financial Statements
- Notes to Financial Statements

Budgetary Information for the General Fund (Required Supplemental Information)

LOGAN TOWNSHIP
Management's Discussion and Analysis
For the Year Ended March 31, 2008

Reporting the Township as a Whole

The Statement of Net Assets and Statement of Activities

One of the most important questions asked about the Township's finances is, "Is the Township better or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Township as a whole and about its activities in a manner that helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector companies. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

These two statements report the Township's net assets as a way to measure the Township's financial position. The change in net assets provides the reader a tool to assist in determining whether the Township's financial health is improving or deteriorating. The reader will need to consider other non-financial factors such as property tax base and facility conditions in arriving at their conclusion regarding the overall health of Township.

Reporting the Township's Most Significant Funds

Fund Financial Statements

The Township's fund financial statements provide detail information about the most significant funds – not the Township as a whole. Some funds are required to be established by State law. Other funds are established to help it control and manage money for particular purposes or to meet legal responsibilities for using certain taxes, grants, and other sources of revenue. The Township's two types of funds, governmental and fiduciary, use different accounting approaches as further described in the notes to the financial statements.

Governmental Funds

Most of the Township's activities are reported in Governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detail short-term view of the Township's general operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources available to spend in the near future to finance the Township's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the basic financial statements.

LOGAN TOWNSHIP
Management's Discussion and Analysis
For the Year Ended March 31, 2008

Fiduciary Funds

The Township is the trustee, or fiduciary, for tax collections. All of the Township's fiduciary activities are reported in the separate Statement of Fiduciary Net Assets. We exclude these activities from the Township's other financial statements because the assets cannot be utilized by the Township to finance its operations.

Government-wide Financial Analysis

The statement of net assets provides the perspective of the Township as a whole. Exhibit A provides a summary of the Township's net assets as of March 31, 2008.

Exhibit A	<u>Governmental Activities</u>
Assets	
Current and other assets	\$ 167,262
Capital assets - net of accumulated depreciation	<u>73,397</u>
Total assets	<u>240,659</u>
Liabilities	
Payroll liabilities	<u>\$ 324</u>
Net Assets	
Invested in property and equipment	73,397
Unrestricted	<u>166,938</u>
Total net assets	<u>\$ 240,335</u>

LOGAN TOWNSHIP
Management's Discussion and Analysis
For the Year Ended March 31, 2008

This analysis focuses on net assets. The Township's net assets were \$240,335 at March 31, 2008. Capital assets totaling \$73,397 compares the original costs, less depreciation of the Township's capital assets to long-term debt used to finance the acquisition of those assets.

The \$166,938 in unrestricted net assets of governmental type activities represents the *accumulated* results of all past years' operations. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The results of this year's operations for the Township as a whole are reported in the statement of activities which shows the changes in net assets for the year ended March 31, 2008, which is summarized in Exhibit B below.

Exhibit B	<u>Governmental Activities</u>
Revenue	
Program revenue:	
Charges for services	\$ 5,346
General revenue:	
State shared revenues	39,973
Property taxes	31,861
Interest	4,220
Miscellaneous	<u>2,390</u>
 Total revenue	 <u>83,790</u>
 Function/Program Expenses	
General government	58,596
Highways and streets	6,783
Recreation and culture	<u>1,180</u>
 Total expenses	 <u>66,559</u>
 Increase in Net Assets	 <u>\$ 17,231</u>

LOGAN TOWNSHIP
Management's Discussion and Analysis
For the Year Ended March 31, 2008

As reported in the statement of activities, the cost of all of our *Governmental type* activities this year was \$66,559. Certain activities were partially funded from those who benefited from the programs or by the other Townships and organizations that subsidized certain programs with grants and categoricals. We paid for the remaining "public benefit" portion of our governmental activities with \$31,861 in taxes, \$39,973 in state revenue sharing, and with our other revenues, such as interest and miscellaneous revenues.

The Township experienced an increase in net assets of \$17,231. Key reasons for the change in net assets were an increase in the property tax base and an increase in state shared revenues. The increase in net assets differs from the change in fund balance and reconciliation appears in the financial statements.

The Township's Funds

The Township uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the Township is being accountable for the resources taxpayers and others provide to it and may provide more insight into the Township's overall financial health.

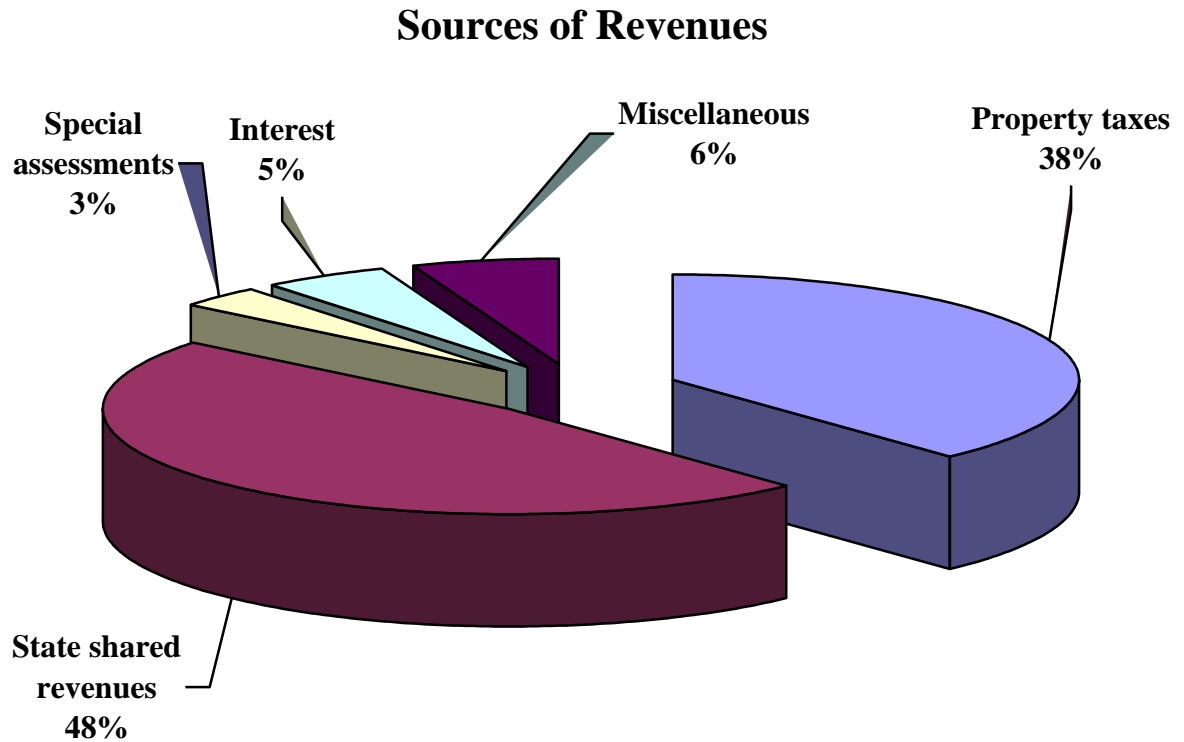
The Township's governmental funds reported a combined fund balance of \$166,938, which is above last year's total of \$145,951. The schedule below indicates the fund balance and the total change in fund balances as of March 31, 2008 and 2007.

	<u>Fund Balance</u> <u>March 31, 2008</u>	<u>Fund Balance</u> <u>March 31, 2007</u>	<u>Increase</u>
General	<u>\$ 166,938</u>	<u>\$ 145,951</u>	<u>\$ 20,987</u>

Our General Fund increased \$20,987. The increase is mainly due to an increase in the property tax base and an increase in state shared revenues.

LOGAN TOWNSHIP
Management's Discussion and Analysis
For the Year Ended March 31, 2008

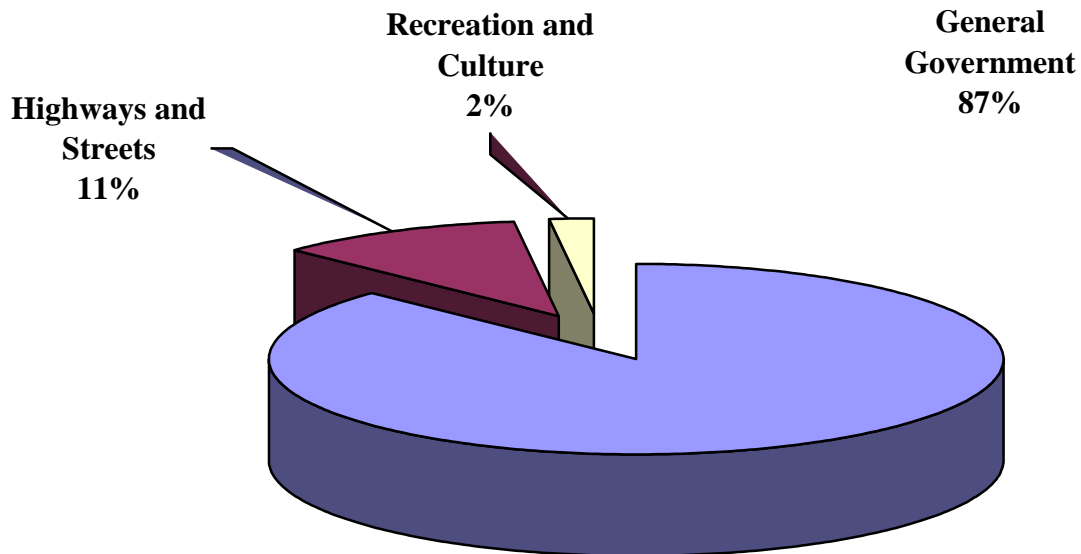
As the graph below illustrates, the largest portion of the Township's revenue comes from state revenue sharing.



LOGAN TOWNSHIP
Management's Discussion and Analysis
For the Year Ended March 31, 2008

The graph below illustrates, 11% of the Townships' resources are spent on highways and streets. Another 87% is spent for general government expenses such as administrative costs and hall and ground, including utilities. The remaining 2% is spent on other services provided to the residents of the Township as listed below.

Expenditures



Expenditures by Function

General government	\$ 54,840
Highways and streets	6,783
Recreation and culture	<u>1,180</u>
Total	<u>\$ 62,803</u>

LOGAN TOWNSHIP
Management's Discussion and Analysis
For the Year Ended March 31, 2008

General Fund Budgetary Highlights

Over the course of the year, the Township revises its budget to reflect changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule showing the Township's original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements. There were no changes made to the General Fund original budget.

The differences between the budget and the final actual amounts are as follows.

- Actual expenditures were less than budgeted expenditures by \$5,765. The difference is due to the Township spending less on hall repairs and maintenance. However the Township did spend more than budgeted for on dust control expenses.

Capital Assets

At March 31, 2008, the Township had \$73,397 invested in capital assets, including land, buildings and building improvements. There were no additions or disposals of capital assets in the current year.

	2008	2007
Land	\$ 17,500	\$ 17,500
Buildings and improvements	129,223	129,223
Total capital assets	146,723	146,723
Less accumulated depreciation	73,326	69,570
Net capital assets	<u>\$ 73,397</u>	<u>\$ 77,153</u>

We do not anticipate any major capital additions for the next fiscal year. We present more detailed information about our capital assets in the notes to the financial statements.

LOGAN TOWNSHIP
Management's Discussion and Analysis
For the Year Ended March 31, 2008

Factors Expected to Have an Effect on Future Operations

We expect to see a decline in state shared revenue next year as the State of Michigan continues to face challenges in balancing its budget. We will need to adjust Township expenditures in response to any revenue shortfall.

Requests For Information

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the Logan Township. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Logan Township
4507 East M-55
Prescott, MI 48756

LOGAN TOWNSHIP
Statement of Net Assets
March 31, 2008

	<u>Governmental Activities</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 161,156
Internal balances	6,106
Capital assets net of accumulated depreciation of \$73,326	<u>73,397</u>
Total Assets	<u>240,659</u>
<u>Liabilities</u>	
Payroll liabilities	<u>\$ 324</u>
<u>Net Assets</u>	
Investment in capital assets	73,397
Unrestricted	<u>166,938</u>
Total Net Assets	<u><u>\$ 240,335</u></u>

See accompanying notes to financial statements.

LOGAN TOWNSHIP
Statement of Activities
For the Year Ended March 31, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>	<u>Governmental Activities</u>
Primary Government -			Net (Expense)
Governmental activities:		Charges for	Revenue and
Operating:		Services	Changes in
General government	\$ 58,596	\$ 2,460	\$ (56,136)
Highways and streets	6,783	2,886	(3,897)
Recreation and culture	1,180	0	(1,180)
	<u>\$ 66,559</u>	<u>\$ 5,346</u>	<u>(61,213)</u>
Total governmental activities			
		General revenues:	
		State shared revenues	39,973
		Property taxes	31,861
		Interest	4,220
		Miscellaneous	2,390
			<u>78,444</u>
		Total general revenues	
			17,231
		Change in net assets	
		Net assets - beginning of year	223,104
		Net assets - end of year	<u>\$ 240,335</u>

See accompanying notes to financial statements.

LOGAN TOWNSHIP
Governmental Fund
Balance Sheet
March 31, 2008

ASSETS

	<u>General Fund</u>
Cash and cash equivalents	\$ 161,156
Due from other funds	<u>6,106</u>
Total Assets	<u><u>\$ 167,262</u></u>

LIABILITIES AND FUND BALANCE

<u>Liabilities</u>	
Payroll liabilities	\$ 324
<u>Fund Balance</u>	
Unreserved and undesignated	<u>166,938</u>
Total liabilities and fund balance	<u><u>\$ 167,262</u></u>

See accompanying notes to financial statements.

LOGAN TOWNSHIP
Reconciliation of Balance Sheet of Governmental Fund
to the Statement of Net Assets
March 31, 2008

Total fund balance - governmental fund	\$ 166,938
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	
Cost of the capital assets	146,723
Accumulated depreciation	(73,326)
	<hr/>
Total net assets - governmental activities	<u><u>\$ 240,335</u></u>

See accompanying notes to financial statements.

LOGAN TOWNSHIP
Governmental Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended March 31, 2008

	General Fund
<u>Revenues</u>	
State shared revenues	\$ 39,973
Property taxes	31,861
Special assessments	2,886
Interest	4,220
Miscellaneous	4,850
Total revenues	<u>83,790</u>
<u>Expenditures</u>	
Current	
General government	54,840
Highways and streets	6,783
Recreation and culture	1,180
Total expenditures	<u>62,803</u>
Excess of revenues over expenditures	20,987
Fund balance - beginning of year	<u>145,951</u>
Fund balance - end of year	<u><u>\$ 166,938</u></u>

See accompanying notes to financial statements.

LOGAN TOWNSHIP
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of Governmental Fund to the Statement of Activities
For the Year Ended March 31, 2008

Net change in fund balance - total governmental fund	\$ 20,987
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation	
Depreciation expense	(3,756)
	<hr/>
Change in net assets of governmental activities	<u><u>\$ 17,231</u></u>

LOGAN TOWNSHIP
Fiduciary Fund
Statement of Fiduciary Net Assets
March 31, 2008

	<u>Current Tax Fund</u>
<u>Assets</u>	
Cash	\$ 53,126
Due from other governmental units	<u> 5,963</u>
	<u><u>\$ 59,089</u></u>
<u>Liabilities</u>	
Due to other governmental units	\$ 52,983
Due to other funds	<u> 6,106</u>
Total liabilities	<u><u>\$ 59,089</u></u>

See accompanying notes to financial statements

LOGAN TOWNSHIP
Notes to Financial Statements
For the Year Ended March 31, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Logan Township (Township) conform to U.S. generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant accounting policies used by Logan Township.

Reporting Entity

The Logan Township is governed by an elected five member council (Board). The accompanying financial statements present the government.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, state shared revenues, and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

LOGAN TOWNSHIP
Notes to Financial Statements
For the Year Ended March 31, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, and claims and judgments are recorded only when payment is due.

Property taxes, state shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

Fiduciary fund statements also are reported using the economic resources measurement focus and the accrual basis of accounting.

LOGAN TOWNSHIP
Notes to Financial Statements
For the Year Ended March 31, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Township reports the following major governmental fund.

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund.

Assets, Liabilities, and Net Assets or Equity

Deposits and Investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables – In general, outstanding balances between funds are reported as “due to/from other funds.”

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Capital Assets – Capital assets, which include land, buildings, machinery and equipment are reported in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of 5 years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add value or materially extend asset lives are not capitalized.

Buildings and building improvements are being depreciated using the straight-line method over the following useful lives.

Buildings	40 Years
Building improvements	10 to 20 Years

LOGAN TOWNSHIP
Notes to Financial Statements
For the Year Ended March 31, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term Obligations – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets. The face amount of debt issued is reported as other financing sources. Issuance costs are reported as debt service expenditures.

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates – The process of preparing the basic financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

LOGAN TOWNSHIP
Notes to Financial Statements
For the Year Ended March 31, 2008

NOTE 2 – BUDGETS

The State of Michigan adopted a Uniform Budgeting and Accounting Act (Act) applicable to all local governmental entities in the state. The law requires appropriation acts to be adopted for General and Special Revenue Funds of governments prior to the expenditure of monies in a fiscal year.

Each Township department head submits to the supervisor an itemized estimate of the anticipated expenditures of the Township for the next fiscal year for the Township activities under his or her charge. The supervisor shall prepare a complete itemized proposed budget for the next fiscal year and submit it to the Township Board. A public hearing on the budget is to be held before its final adoption, at such time and place as the Township Board directs, and notice of such public hearing is to be published at least one week in advance by the Township Clerk.

A copy of the proposed budget shall be on file and available to the public for inspection during office hours at the office of the Township Clerk for a period of not less than one week prior to such public hearing. Then no later than March the Township Board shall, by resolution, adopt the budget for the next fiscal year and shall, in that resolution, make an appropriation of money needed for Township purposes during the ensuing fiscal year of the Township.

A comparison of actual results of operations to the budgeted amounts (at the level of control adopted by the Board) for the General Fund, is presented as Required Supplemental Information.

Excess of Expenditures Over Appropriations in Budgeted Funds – During the year, Logan Township incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated, as follows:

<u>Budget Item</u>	<u>Budget Appropriation</u>	<u>Actual Expenditures</u>	<u>Budget Variance</u>
General Fund			
Highways and streets	\$ 1,850	\$ 6,783	\$ (4,933)

LOGAN TOWNSHIP
Notes to Financial Statements
For the Year Ended March 31, 2008

NOTE 3 – DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rates within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. The Township's deposits are in accordance with statutory authority.

At year-end, the Government's deposits were reported in the basic financial statements in the following categories.

	<u>Governmental Activities</u>	<u>Fiduciary Fund</u>	<u>Total</u>
Cash and cash equivalent:	\$ 161,156	\$ 53,126	\$ 214,282

Custodial Credit Risk- Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. As of March 31, 2008, \$25,232 of the Township's bank balance of \$214,398 was exposed to custodial credit risk.

The Township's investment policy does not identify interest rate risk, foreign currency risk or concentration credit risk.

The Township has no investments as of March 31, 2008.

LOGAN TOWNSHIP
Notes to Financial Statements
For the Year Ended March 31, 2008

NOTE 4 – CAPITAL ASSETS

Capital asset activity of the Township for the current year was as follows:

	Balance April 1, 2007	Additions	Disposals and Adjustments	Balance March 31, 2008
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 17,500	\$ 0	\$ 0	\$ 17,500
Capital assets being depreciated:				
Buildings	116,600	0	0	116,600
Building improvements	12,623	0	0	12,623
Subtotal	129,223	0	0	129,223
Less accumulated depreciation for:				
Buildings	67,045	2,915	0	69,960
Building improvements	2,525	841	0	3,366
Subtotal	69,570	3,756	0	73,326
Net capital assets being depreciated	59,653	(3,756)	0	55,897
Governmental activities, total capital assets - net of depreciation	<u>\$ 77,153</u>	<u>\$ (3,756)</u>	<u>\$ 0</u>	<u>\$ 73,397</u>

Depreciation expense was charged to programs of the Township as follows:

Governmental Activities:
 General government

\$ 3,756

LOGAN TOWNSHIP
Notes to Financial Statements
For the Year Ended March 31, 2008

NOTE 5 – INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

A summary of inter-fund receivable and payable balances at March 31, 2008, is as follows.

<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>
General	\$ 6,106	\$ 0
Tax Fund	<u>0</u>	<u>6,106</u>
	<u>\$ 6,106</u>	<u>\$ 6,106</u>

These inter-fund receivable and payable balances resulted from the time lag between the dates that payments between funds were made.

There were no interfund transfers during the fiscal year.

NOTE 7 – RISK MANAGEMENT

The Logan Township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation). The Logan Township participates in the Michigan Municipal League risk pool for claims relating to workers' compensation, general liability, and property/casualty claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

The Michigan Municipal Risk Management Authority risk pool program operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority, that the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the Logan Township.

LOGAN TOWNSHIP
Notes to Financial Statements
For the Year Ended March 31, 2008

NOTE 7 – RISK MANAGEMENT (CONTINUED)

The Michigan Municipal Risk Management Authority's State Pool program operates as a common risk-sharing management program for local units of government in Michigan. Member premiums are used to purchase excess insurance coverage and to pay member claims in excess of deductible amounts. A portion of the excess insurance coverage is underwritten by the Authority itself.

The Michigan Townships Participating Plan operates as an insurance purchasing pool for local units of government in Michigan. The Plan purchases commercial insurance on behalf of its members at a lower cost than would be available on an individual basis.

NOTE 8 – DISTRIBUTION OF TAX REVENUE

It was observed that during the audit, there was a balance of \$53,126 remaining in the tax fund checking account from current year tax collections as of March 31, 2008. According to MCL 211.43, a governmental unit is in noncompliance with distribution of tax collection if tax collections are distributed within 10 business days after the 1st and 15th of each month. In order for the Township to be in compliance with MCL 211.43, the Township must immediately distribute currently held tax funds, and all future tax collections must be distributed on a timely basis.

LOGAN TOWNSHIP
 Budgetary Comparison Schedule
For the Year Ended March 31, 2008

	Original Budget	Final Amended Budget	Actual
<u>Revenues</u>			
State shared revenues	\$ 38,800	\$ 38,800	\$ 39,973
Property taxes	37,200	37,200	31,861
Special assessments	3,950	3,950	2,886
Interest	3,280	3,280	4,220
Miscellaneous	452	452	4,850
Total revenues	<u>83,682</u>	<u>83,682</u>	<u>83,790</u>
<u>Expenditures</u>			
Current			
General government	64,893	64,893	54,840
Highways and streets	1,850	1,850	6,783
Recreation and culture	1,825	1,825	1,180
Total expenses	<u>68,568</u>	<u>68,568</u>	<u>62,803</u>
Excess of revenues over expenditures	15,114	15,114	20,987
Fund balance-beginning of year	<u>145,951</u>	<u>145,951</u>	<u>145,951</u>
Fund balance-end of year	<u><u>\$ 161,065</u></u>	<u><u>\$ 161,065</u></u>	<u><u>\$ 166,938</u></u>



WEINLANDER FITZHUGH

CERTIFIED PUBLIC ACCOUNTANTS
& CONSULTANTS

August 26, 2008

ROBERT E. LIST, CPA
STEWART J. REID, CPA
MICHAEL L. HANISKO, CPA
DAVID D. QUIMBY, CPA
KATHLYN M. ENGELHARDT, CPA
RENAE M. CLEVINGER, CPA
AMY L. RODRIGUEZ, CPA
SCOTT A. NIETZKE, CPA

WALTER G. WEINLANDER, CPA
ROY A. SCHAIRER, CPA
JAMES L. WHALEY, CPA
JEROME L. YANTZ, CPA
PHILIP T. SOUTHGATE, CPA
ROBERT J. DUYCK, CPA

To the Township Board
Logan Township
Ogemaw County, Michigan

In planning and performing our audit of the financial statements of Logan Township (Township) as of and for the year ended March 31, 2008, in accordance with U.S. generally accepted auditing standards, we considered Logan Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in design exists when a control necessary to meet the control objective is missing, or when an existing control is not properly designed so that even if the control operates as designed, the control objective is not always met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected. We consider the following significant deficiencies to be material weaknesses:

Financial Reporting

As part of our consideration of the internal control over financial reporting, we as auditors are not allowed to be considered to be part of Logan Township's internal controls. In taking this required position, we must consider whether the Township has the ability, on its own, to monitor and report financial activity in accordance with our professional standards without auditor involvement

1600 CENTER AVENUE
POST OFFICE BOX 775
BAY CITY, MI 48707-0775
989-893-5577
800-624-2400
FAX 989-895-5842
www.wf-cpas.com
wf@wf-cpas.com

OFFICES: BAY CITY, CLARE,
GLADWIN AND WEST BRANCH

RSM McGladrey Network

An Independently Owned Member



WEINLANDER FITZHUGH

To the Township Board
Logan Township
August 26, 2008
Page 2

The Township uses accounting software as a management tool to monitor the financial status of the Township, to facilitate the preparation and amendment of budgets and to compare budgeted amounts to actual results. In addition, the Township demonstrates the ability to report fund level activities, monitor fiduciary fund activities (including tax collections and disbursements) and report on certain fund level note disclosures. Due to the complexity of the required government wide financial statements and related note disclosures in accordance with GASB 34, the Township does not maintain personnel who can report in accordance with U.S. generally accepted accounting principles without auditor involvement.

Property Tax Disbursements

Public Act 211, of 1979 mandates that governmental units with a taxable value greater than \$15,000,000 must remit to the schools and the county total taxes collected through the 1st and the 15th day of each month within ten business days after the 1st and 15th each month. It appears that disbursements are made timely throughout the year. However, the amounts collected after county settlement were not disbursed as of March 31, 2008. This is more than the 10 business day rule as mandated.

Segregation of Duties

Segregation of duties means that there are different individuals performing different duties within a specific accounting function. Having multiple individuals performing duties in the same accounting function acts as a check and balance.

As is common in many small local government units, there is often only a few people, sometimes only one person, performing the accounting and financial functions. It is also common to have these individuals concentrate their efforts in one area.

This is the situation with the Village. Due to a limited staff size, the Village has a lack of segregation of duties with respect to the cash collections accounting function because the duties are centralized with one individual.



WEINLANDER FITZHUGH

To the Township Board
Logan Township
August 26, 2008
Page 3

Bank Reconciliations

Bank reconciliations are a good means of internal control to verify that all income and expenses are recognized and that the cash position is reported correctly during the fiscal year. The Township did not prepare proper bank reconciliations, which includes the reconciliation of the general ledger to the bank statements. Bank reconciliations should also be performed in a timely manner, (approximately six weeks subsequent to month end).

This report is intended solely for the information and use of the Township Board, management and others within the Township and is not intended to be and should not be used by anyone other than these specified parties.

Weinlander Fitzhugh